



CONTENTS

LEGISLATIVE FIX ALLOWING MD., VA. TO KEEP BRAC FUNDS UNRAVELS***Delegation Fails to Redirect \$300M for Traffic Upgrades to Proper Account***

The opportunity for a substantial infusion of federal dollars to address outside-the-gate transportation needs stemming from the realignment of Walter Reed Army Medical Center slipped out of the hands of officials in suburban Maryland and Virginia after lawmakers from the two states were unable to add a correction to last week's continuing resolution that would have allowed the funds to be spent for their original purpose.

Last December, the states' congressional delegations inserted \$300 million into the fiscal 2010 defense spending bill for projects to accommodate the traffic growth expected to accompany the relocation of Walter Reed to Bethesda, Md., and Fort Belvoir in northern Virginia. The money was pushed through at the last minute during conference negotiations over the measure and placed in the defense health program account. After the bill was signed into law, however, officials discovered the Defense Department lacks statutory authority to spend health program funds on transportation infrastructure.

A similar effort to correct the technical glitch in the FY 2010 war supplemental enacted this summer previously failed. The two communities still could pick up some or all of the much-needed funds during the FY 2011 appropriations cycle, although they likely will need to be patient.

Last week's stopgap spending bill is funding federal operations in the new fiscal year at last year's levels, with some exceptions, through Dec. 3. With the prospect that next month's elections will change the balance of power in one or both chambers of Congress, it's unclear whether Democrats will be able to pass an FY 2011 omnibus spending measure during a lame-duck session. If they

Walter Reed, continued on pg. 2 ➤

'ENERGY INNOVATION HUB' COMING TO PHILADELPHIA NAVY YARD***\$129M Federal Grant Bolsters Property's Clean Energy Focus***

Philadelphia's Navy Yard soon will house an "energy innovation hub," a cluster of researchers from academia, the private sector and two national laboratories developing ways to make buildings more energy efficient. The \$129 million award from the Department of Energy and three other federal agencies marks the latest in a series of successes strengthening the Navy Yard's initiative to create a center of excellence in renewable power and energy research, education and commercialization.

The grant was awarded to a partnership led by Penn State University and branded as the Greater Philadelphia Innovation Cluster (GPIC), a collection of 11 academic institutions, two Energy Department laboratories, five global industry partners, community colleges and regional economic development agencies, including the Philadelphia Industrial Development Corp. (PIDC), which manages the Navy Yard. The project is expected to offer Philadelphia a huge economic boost over

Navy Yard, continued on pg. 4 ➤

(Walter Reed, continued from cover page)

cannot, lawmakers may approve another continuing resolution and wait to take up an omnibus after the new Congress is seated next year.

Avoiding Gridlock

The money would have represented the largest federal investment in local infrastructure at any BRAC 2005 installation preparing for mission growth. In the absence of highway and other upgrades, substantial rush-hour delays are expected to and from the Walter Reed National Military Medical Center in Bethesda and the Fort Belvoir Community Hospital. The provision in the FY 2010 spending bill did not specify how the \$300 million would be divvied up between the two communities, but local officials assumed each would get \$150 million.

The projects planned for Bethesda will prevent traffic congestion from worsening, said Phil Alperson, BRAC coordinator for Montgomery County.

"If we don't do these things, it's going to be a nightmare. The traffic already is failing," he said.

The Bethesda medical center is slated to gain 2,500 employees and experience a doubling in out-patient visits to 1 million annually. Local officials planned to spend Maryland's funds on two projects. One will improve mobility at four major intersections around the Bethesda medical center. The state will start the project with \$30 million of its own money, but federal dollars are needed to finish the work, Alperson said.

The other would improve pedestrian access to a Metro subway station across a major thoroughfare from the medical center. The number of pedestrians crossing that street is projected to jump from 3,000 to 7,000 a day after Walter Reed moves. Several options are being evaluated, including a shallow pedestrian tunnel, the tunnel plus a bank of deep elevators on the Navy side of the street, and adding grade separation to the intersection at the Metro stop.

The region still plans to receive \$20 million in FY 2011 Defense Access Road (DAR) program funds to enhance pedestrian access, but that would only be enough to start the project. Bethesda also has benefitted from \$9.4 million in earmarks for BRAC-related projects included in transportation spending bills over the past three years, but that's not nearly enough to address the problem, he said.

Similarly, the funds that had been slated to go to northern Virginia would be used to widen U.S. Route 1 to relieve congestion to and from Belvoir, as well as to improve pedestrian access. Almost 12,000 personnel are relocating to either the main post — the site of the community hospital — or the Engineer Proving Ground several miles away. The community hospital at Belvoir will account for only 2,000 of the gain, but the transportation upgrades would have benefited other civilian and military personnel working there as well.

The commonwealth of Virginia and Fairfax County already have invested \$350 million in transportation projects around Belvoir, but no funding is available for \$1.4 billion in remaining projects, according to a July 30 press release from Sen. Mark Warner (D), and Reps. Jim Moran (D) and Gerry Connolly (D).

The Fix Was In

The Maryland and Virginia delegations hoped to fix the glitch in last year's spending bill via a technical correction that would have rescinded the \$300 million from the health program and added the funds to the Office of Economic Adjustment (OEA) account, where they can be spent on building infrastructure. Under the correction, OEA would have distributed the funds through a competitive grant program available to any community addressing transportation challenges outside of a military hospital due to BRAC. That change likely would have opened up the program to the city of San Antonio, home of Brooke Army Medical Center at Fort Sam Houston.

The correction was intended to rebut claims that the original provision was an earmark, benefitting only two communities. The staffs of the local delegations had worked with DOD to craft the new language, but opposition in the Senate blocked the change from being added to last week's continuing resolution. To pass the measure, Senate Democrats needed to pick up several Republican votes to overcome procedural hurdles, forcing them to remove the technical correction when it drew objections on the Republican side.

After the effort failed, lawmakers approved moving the FY 2010 funds to the Pentagon's traumatic brain injury program, where they could be used for research and to purchase medical equipment. Without the reprogramming, DOD would have lost

Walter Reed, continued on pg. 3 ➤

PRESIDENT
John Armbrust

CEO
Tim Ford

**CHIEF
OPERATING
OFFICER**
Todd Herberghs

MANAGING EDITOR
Dan Cohen

Defense Communities 360 is published weekly by the Association of Defense Communities. If you have any questions about the newsletter, please contact:

Dan Cohen, Managing Editor
Association of Defense Communities
1023 15th St., NW, Suite 200, Wash., DC 20005
202/822-5256
Email: dcohen@defensecommunities.org
Internet: www.defensecommunities.org

(Walter Reed, continued from pg. 2)

the opportunity to spend the \$300 million.

For BRAC growth communities bracing for the arrival of thousands of new civilian and military personnel, the larger issue is the overwhelming need for funding to build roads, schools, water and sewer lines, and other infrastructure projects. Maryland and Virginia saw the \$300 million as the only way to bypass DOD's failure to support infrastructure needs outside an installation's gates, according to a House staff member.

One vehicle the department has for funding road improvements is the DAR program, but the high threshold for traffic impacts required to qualify for funding limits the program's usefulness. Requiring a doubling of traffic on a highway serving a crowded metropolitan area that already is congested doesn't make sense, the staffer said.

Communities neighboring eight growth installations need from \$152 million to \$211 million to mitigate transportation impacts resulting from BRAC, according to a September 2009 DOD report. DAR funding has been provided at one site — \$38 million for access ramps at Belvoir — while projects at six others have already been certified as meeting the program's criteria or are being reviewed to see if they are eligible for DAR funding. The wide range in estimated mitigation costs stems from the multiple alternatives under evaluation for improving pedestrian access to and from the Metro station at the Bethesda medical center, the report stated.

The National Academy of Sciences now is evaluating the DAR criteria and assessing the funding of transportation improvements associated with the 2005 base closure round.

There's Always This Year

The next opportunity for Maryland and Virginia to obtain replacement funds is in a stand-alone or omnibus appropriations bill for FY 2011, but their chances are by no means a lock. In its July 27 markup of the FY 2011 defense spending bill, the House Defense Appropriations Subcommittee included \$300 million for traffic upgrades around military hospitals. The provision

would be similar to the language the delegation tried to add to the continuing resolution, and would allocate the money to OEA to distribute through a competitive grant program. The full committee has not yet marked up the legislation.

The Senate version of the spending measure — which was approved by the full Appropriations Committee last month — does not include the transportation funding, raising the possibility that the provision may not survive a House-Senate conference.

And with Congress' failure so far to pass individual spending bills for the new fiscal year, along with the potential that the Republicans take over the House next year, one option would be for the new Congress to fund the remainder of the fiscal year through a continuing resolution, a move that would stop new line items from receiving funds.

For his part, Alperson remains optimistic that Bethesda will obtain the badly needed funds during the 2011 fiscal year, pointing to the mounting evidence that Congress is concerned about the likelihood that traffic congestion hinders the ability of staff, patients and family members to reach the new medical center. In a number of committee reports over the past several years, lawmakers broached the issue, and in some cases, specifically supported Bethesda gaining DAR funding.

"We think we can make the case. They can't afford to have gridlock in front of the hospital. ... We're talking about Walter Reed," he said.

But given the possibility that funding allocated for transportation improvements is divided among three BRAC communities, "any dollar figure is less certain" as compared to what officials thought they would get last year, Alperson added.

360

(Navy Yard, continued from cover page)

the coming decade, as PIDC works with the cluster's partners to commercialize new energy efficiency technologies and create new jobs.

"This is an endorsement of the hard work we've done over the first 10 years of our history," said Will Agate Jr., PIDC's vice president for Navy Yard management and development.

The Navy Yard's unique assets played a key role in earning the Energy Department's recognition and bringing national attention to the site. The 1,200-acre, mixed-use development's 90-plus businesses and organizations provide a wide array of tenants, ranging from a shipbuilder to small offices, Agate said. Its diverse inventory of 200 buildings, including factories, offices, warehouses and labs, also was a factor.

The Navy Yard offers an ideal test bed for researching the energy efficiency of buildings, he explained.

One other characteristic was critical. In July, PIDC decided to retain ownership of its independent electric grid rather than selling the infrastructure to the local utility. The decision was made after officials concluded the Navy Yard could provide power to its customers at the same, or possibly lower, rates than the utility. Retaining ownership of the grid simultaneously would allow the Navy Yard to try out numerous smart grid technologies, an opportunity a regulated utility would lack, Agate said.

A majority of the federal investment will go toward program development; a small portion will pay to convert what had been a community center into laboratory and office space. The state of Pennsylvania has pledged an additional \$30 million to GPIC to construct a new facility at the Navy Yard.

Penn State has been involved with the Navy Yard and other GPIC partners since 2005. The school has captured three federal awards, including one for a smart grid demonstration that will get under way next year. Researchers now are designing the Navy Yard project, which will incorporate two 50,000-square-foot offices powered by a solar array, a 10-car, electric-vehicle charging station, and a low-energy modular home.

PIDC and the Navy Yard have recorded an array of achievements recently that reinforce the property's bid to become a center for clean energy:

- A partnership with Conergy and Exelon Power Generation will develop a 1.5 megawatt solar array on a Navy landfill;
- PIDC collaborated with the city of Philadelphia to win a multi-million-dollar award under the Energy Department's energy efficiency and conservation block grant program; and
- Last November, Athens-based HelioSphera announced it would build a 450,000-square-foot factory to manufacture thin-film solar panels.

For more information, go to www.navyyard.org.